

File Number M/001/039

Effective Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

*LMO withdrawn
Never Finalized -
Site reverted
back to SMO
11/12/02*

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/001/039
Copper

"MINE LOCATION":

(Name of Mine)
(Description)

OK Mine
7 Miles northwest of Milford, Utah

"DISTURBED AREA":

(Disturbed Acres)
(Legal Description)

Phase 1 - 127.6 acres
(refer to Attachment "A")

"OPERATOR":

(Company or Name)
(Address)

Nevada Star Resource Corporation
10735 Stone Ave North
Seattle, Washington 98133-8996

(Phone)

206-367-2525

"OPERATOR'S REGISTERED AGENT":

(Name)

Rick Havenstrite

(Address)

2113 N. Cottontail

Cedar City, Utah 84720

(Phone)

801-867-0557

"OPERATOR'S OFFICER(S)":

Monty Moore-Chairman and CEO

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

"SURETY AMOUNT":

(Escalated Dollars)

\$550,000

"ESCALATION YEAR":

2002

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Nevada Star Resource Corporation the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/001/039 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated August 23, 1996, and the original Reclamation Plan dated April 22, 1997. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance

with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the

parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Nevada Star Resource Corporation
Operator Name

By: Monty Moore- Chairman & CEO
Authorized Officer (Typed or Printed)

Monty Moore
Authorized Officer's Signature

November 12, 1997
Date

=====

SO AGREED this _____ day of _____, 19____

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY _____
Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
Lowell P. Braxton, Acting Director

Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 19 _____, personally
appeared before me _____, who being
duly sworn did say that he/she, the said _____
is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural
Resources, State of Utah, and he/she duly acknowledged to me that he/she
executed the foregoing document by authority of law on behalf of the State of
Utah.

Notary Public

Residing at: _____

My Commission Expires:

OPERATOR:

Nevada Star Resource Corporation
Operator Name

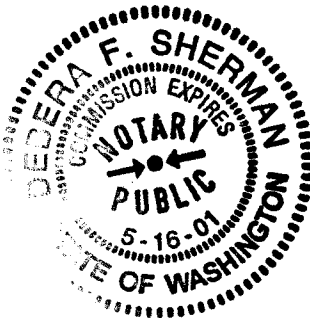
By Monty Moore, Chairman & CEO
Corporate Officer - Position

November 12, 1997
Date

Monty Moore
Signature

STATE OF Washington)
COUNTY OF King) ss:

On the 12th day of November, 19 97, personally
appeared before me Monty D. Moore who being by
me duly sworn did say that he/she, the said Individual
is the Chairman & CEO of Nevada Star Resource Corp.
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Individual duly acknowledged to me that said
company executed the same.



Cedera F. Sherman
Notary Public
Residing at: Edmonds, WA

May 16, 2001
My Commission Expires:

ATTACHMENT "A"

Nevada Star Resource Corporation
Operator

OK Mine

Mine Name

M/001/039

Permit Number

Beaver

County, Utah

The legal description of lands to be disturbed is:

Sections 5, 6, and 7, T27S, R11W, of the Salt Lake Baseline

and Meridian. The project is 7 miles northwest of Milford, Utah.

PS&F

Parker, Smith & Feek, Inc.

999 Third Avenue/Suite 1700
Seattle, Washington 98104-4091
206/382-7900, Fax 206/382-1135

Alaska Office
4000 Old Seward Highway, Suite 200
Anchorage, Alaska 99503-6067
907/582-2225, Fax 907/561-2504

November 12, 1997



Mr Monty Moore
Nevada Star Resources Corp
10735 Stone Ave North
Seattle, WA 98133

Sent Via Fax 206-363-4811

RE: O.K. Copper Mine -State of Utah -Reclamation Bond

Dear Monty:

This letter is to confirm to you that we are presently working with several surety companies to obtain the \$550,000 reclamation bond for the O.K. Mine in the Milford area of Utah. As you know it does take some time to underwrite this type of surety obligation, which in some cases requires a site visit to the mine location. We have indications from the underwriters that they are interested in writing the bond in behalf of Nevada Star Resources Corp, but they are still going through their underwriting process. If the State of Utah would like additional information on this process, we would be happy to discuss this matter with them.

We feel confident that we will have a favorable response to your surety request within a short period of time. If you need any additional information with regard to the present status, please contact me.

Best regards,

PARKER, SMITH & FEEK, INC.

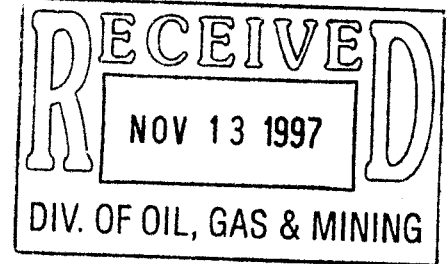
Lawrence J. Newton
Vice President - Senior Surety Exec.

ATTACHMENT B

MR FORM 5
June 10, 1996

Bond Number _____
Permit Number _____
Mine Name _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940



THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned Nevada Star Resource Corp., as Principal,
and _____, as Surety, hereby jointly and
severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly
and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal
sum of five hundred fifty thousand dollars (\$ 550,000).

Principal has estimated in the Mining and Reclamation Plan approved by the Division
on the 31 day of March, 1997, that 127.6 acres of land will
be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the
Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and
Reclamation Plan and has faithfully performed all requirements of the Mined Land
Reclamation Act, and complied with the Rules and Regulations adopted in accordance
therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the
disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and
regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in
the area disturbed or the extent of disturbance, then, the Division may require that the amount
of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Nevada Star Resource Corp.
Principal (Permittee)

November 12, 1997
Date

Monty Moore
By (Name typed):

Chairman & CEO
Title

Monty Moore
Signature

Surety Company

Company Officer

Date

Title/Position

Signature

Page 3
MR-5 (revised June 10, 1996)
Attachment B

Bond Number _____
Permit Number _____
Mine Name _____

SO AGREED this _____ day of _____, 19____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

AFFIDAVIT OF QUALIFICATION

On the _____ day of _____, 19____, personally appeared before me _____ who being
by me duly sworn did say that he/she, the said _____ is the _____
_____ of _____ and duly
acknowledged that said instrument was signed on behalf of said company by authority of its
bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said company
executed the same, and that he/she is duly authorized to execute and deliver the foregoing
obligations; that said Surety is authorized to execute the same and has complied in all
respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking
and obligations.

Signed: _____
Surety Officer

Title: _____

STATE OF _____)
_____) ss:
COUNTY OF _____)

Subscribed and sworn to before me this _____ day of _____, 19____.

Notary Public
Residing at: _____

My Commission Expires:

_____, 19____